

Access Missouri Financial Assistance Program

- **Funding for Private Higher Education and the Impact on Public Higher Education Operating Appropriations:** When developing Access Missouri, the University and other public institutions voiced a concern that funding for this financial assistance program should not come at the expense of directly funding operations for the state's public institutions now and in the future.
 - In the FY 2008 budget, the state appropriated \$47 million for the Access Missouri scholarship program and later added \$25 million in supplemental appropriations for a total of \$72 million. The House budget bill for FY 2009 has raised the total appropriations for this program to almost \$96 million. This is at a time when direct state support for higher education institutions is below FY 2001 funding in nominal dollars and just below FY 1993 funding in real terms.
 - In FY 2008, \$72.4 million was awarded to students. The following table shows the distribution of the funding and the average award received in each of the sectors.

Access Missouri Scholarship Program

FY 2008	Total Aid Awarded	Aid as a % of Students	# of Students	Students as a % of Total	Average Award
Private	\$37,479,161	52%	11,399	29%	\$3,288
Public 4 Yr*	\$30,810,200	43%	20,941	54%	\$1,471
Public 2 Yr**	\$4,087,510	6%	6,590	17%	\$620
TOTAL	\$72,376,871	100%	38,930	100%	\$1,859

* Includes Linn State **Includes Public VocTech

- 4-year private institutions received 52% of the funding with only 29% of the eligible students, while public 4-year institutions that enrolled 54% of the eligible students received only 43% of the funding. The average grant to students who attended private institutions was more than twice that awarded to students at 4-year public institutions.
 - One could argue that the increased support for public higher education institutions will come from Access Missouri when enrolling students who are eligible for the aid. However, in FY 2008, over 50% of the additional funding of \$48 million was distributed to private higher education institutions. This amounts to a 154% increase in funding going to private higher education.

- This is at a time when Missouri is 46th in increase in state appropriations for public higher education over a 10-year period; 43rd in increase in state appropriations over a two year period; and 40th over a one year period with an increase of 4.4% compared to 7.5%.
 - This is at a time when funding for Missouri's public institutions is just below the FY 2000 level in nominal dollars and below the FY 1993 level in CPI inflation adjusted dollars.
- By deflecting funding from “institutions” to “students,” we are in fact shifting funding from public institutions to private institutions, when there is capacity in public higher education and education is delivered at a lower cost.
- Currently, students choosing private institutions receive twice the award level as those attending public institutions. If the amount of the average grant aid distributed to students in FY 2008 was the same, whether a student attended a private or a public 4-year institution (\$1,471), approximately \$20.9 million less would have been needed. This \$20.9 million could have been utilized to increase the operating budgets for public higher education. This would have resulted in an increase of approximately 7.6%, compared to the 4.7% actually appropriated, and would have moved higher education funding back to the peak 2001 level more quickly.
- The addition of \$25 million in recurring funds to the Access Missouri program for FY 2009 will bring the total to \$100 million. This amount could have funded 65% of the Preparing to Care initiative, creating opportunities for more students to train in the health professions and meeting the healthcare needs of Missourians well into the future.
- **Funding for Private Higher Education Public Policy Issues:** The Access Program does not address the public policy issue of subsidizing students who attend private institutions at a much higher dollar amount than those who attend public institutions.
 - Missouri currently ranks third in the nation by percent of funding awarded to students who attend private institutions. Under the Access Missouri program, Missouri will continue to promulgate this position by devoting 50% of the grant funding to private higher education, compared to the national average of 33%.
 - The new model provides students who attend private higher education institutions a maximum of \$4,600 in need-based financial aid grants compared to grants of \$2,150 and \$1,000 to attend public four-year and two-year respectively.
 - As a result, under the model, private institutions that enroll only 21% of Missouri resident undergraduates would receive over 50% of the available state financial aid support.

- The available dollars would go farther if the maximum need-based grant was the same regardless of attendance at a public or private institution. Since there is no differentiation in the size of the grant for different institutions in the public sector, it is unclear why there should be a difference in grant size between four-year public and four-year private.
- In addition, the grant aid would be more closely distributed based on the proportion of students attending the institutions, with about 32% of the funds going to student attending private 4-year institutions, 60% to public 4-year institutions and the remainder to other institutions.
- **The Impact of the Access Program for Neediest Students:** With respect to the University of Missouri, access to the University of Missouri campuses may not be improved – at least for the lowest income students.
 - For the University of Missouri, limiting the state need-based aid for the lowest income families will make us less accessible than other public institutions. The combined median Pell Grant and Access award ranges from \$4,900 for those students whose families have AGI of \$12,010 or less to \$2,410 to students whose families have AGI of \$39,986. \$4,900 in grant aid results in a 63% discount for a student attending the University of Missouri compared to an 85% or higher discount for a student attending any of the other public 4-year institutions. This results in a disincentive to attend the University of Missouri when choosing among public institutions.
 - The distribution formula could be changed to provide an increase in the award for the neediest students at all institutions and parity for the public and private four-year recipients by reducing the award levels for students at the private four-year level.
- **Mission Differences and Award Size:** The public two-year, public four-year and independent category awards are already differentiated to reflect the cost structures of the institutions across sectors. One can argue, therefore that if the Access program is going to differentiate the size of awards among the three sectors, it should also differentiate within the public 4-year sector in order to take into consideration the different missions, and, therefore cost structures, of the institutions.
 - There is a range in the tuition and fees between the four year institutions, from a low at MO Southern to a high at UMSL.
 - There is a reason why a four-year research/doctoral granting institution is more expensive than a regional four-year institution, and there should be a methodology to make both types of institutions equally accessible to students. The current model does not accomplish this. The current award for public four-year students, \$2,150, provides a significantly lower buying power for students attending the University of Missouri campuses, which have the

highest cost structures, tuition, and expanded mission of teaching, research, public service and economic development.

- A methodology which takes the median of all institutions' tuition and fees, and using that across the sector limits access to the state's public research institution.
 - The Access program should provide the majority of funding to Missouri resident undergraduates who attend the state's public higher education institutions. In part, the model differentiates between missions by having grants of differing sizes for two- and four-year institutions, and in part the model differentiates based on ownership, public vs. private. The model should consistently focus on differentiating by mission because of the implicit difference in cost structure. Since there is no differentiation in the size of the grant for different institutions in the public sector, it is unclear why there should be a difference in grant size between four-year public and four-year private. At the very least, the state should provide grants of the same value regardless of whether the four-year institution is public or private.
- **Impact of Returning Heroes Act:** Missouri public institutions are expected to comply with the unfunded mandate of the "Returning Heroes Act" because they receive state funds. However, private schools receive state funds through the state scholarship grant/programs but they do not have to comply with this mandate. The University of Missouri estimates that our four campuses, in 2008-09, will provide scholarships of approximately \$518,000 in response to this legislation.
 - **Impact of Changing GPA Requirements:** Continuing eligibility for an Access Missouri grant requires a 2.5 GPA. While, a student with 2.1 grade point average (GPA) can graduate with a bachelor's degree, the same student cannot continue to receive the Access Missouri award.
 - The financial aid directors at the University of Missouri campuses have raised this as a significant concern since a higher than anticipated number of students (more than 650) have struggled to meet the 2.5 GPA. A majority of those same students would meet the eligibility for renewal at the 2.0 GPA level.
 - Since the Access award is primarily a need-based award, not a merit-based award, one could argue that any student in good standing should be eligible to continue to receive the award. Reducing the GPA required for renewal to 2.0 could be of merit, however, no data has been received to-date from the Department of Higher Education to document overall cost for this change.